



UNITED STATES ATTORNEY'S OFFICE

Southern District of New York

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FOR IMMEDIATE RELEASE

Thursday, August 1, 2019

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FORMER PRESIDENT OF INVESTMENT ADVISER FIRM SENTENCED AND FORMER COMPTROLLER CHARGED IN MULTIMILLION- DOLLAR INVESTMENT FRAUD

Geoffrey S. Berman, the United States Attorney for the Southern District of New York, announced that HECTOR MAY, the president of Executive Compensation Planners, Inc. (“ECP”), a registered investment adviser and financial planning firm located in New City, New York, was sentenced to 13 years in prison for participating in a conspiracy to defraud certain investment advisory clients (the “Victims”) out of more than \$11 million. MAY was sentenced yesterday by United States District Judge Vincent Briccetti.

U.S. Attorney Berman also announced the return of an indictment charging VANIA MAY BELL, MAY’s daughter and former comptroller of ECP, with participating in the conspiracy to defraud certain investment advisory clients. She was arraigned this afternoon before U.S. District Court Judge Nelson S. Roman.

U.S. Attorney Geoffrey S. Berman said: “For more than two decades, May conceived and orchestrated a multimillion-dollar Ponzi scheme. His conduct was marked by extreme cunning, ruthlessness, and utter disregard for the well-being of his victims, including aging couples, close friends, relatives, and an employment pension plan.”

At the sentencing hearing, Judge Briccetti said that MAY is “a fraud and a thief,” and that his conduct was “appalling, reprehensible, and evil.”

According to the allegations in the Information to which MAY pled guilty, court filings, statements made in court, and the Indictment charging BELL¹:

¹ As the introductory phrase signifies, the entirety of the text of the Indictment charging BELL and the descriptions of the Indictment constitute only allegations, and every fact described should be treated as an allegation.

Since 1982, MAY was the president of ECP and provided financial advisory services to numerous clients. Since 1994, MAY was a registered representative of a broker dealer (“Broker Dealer-1”). In its role as a broker dealer, Broker Dealer-1 facilitated the buying and selling of securities for clients of Broker Dealer-1’s registered representatives, including clients of MAY. To that end, Broker Dealer-1 and associated clearing firms maintained securities accounts for ECP’s clients and, through those accounts, held ECP’s clients’ money, executed their securities trades, produced account statements reflecting activity in the clients’ accounts, and forwarded these account statements to ECP’s clients.

In order to obtain money from the Victims’ securities accounts with Broker Dealer-1, MAY advised the Victims, among other things, that they should use money from those accounts to have ECP, rather than Broker Dealer-1, purchase bonds on their behalf. He further represented that by purchasing bonds through ECP directly, the Victims could avoid transaction fees. Because MAY lacked the authority to withdraw money directly from the Victims’ accounts with Broker Dealer-1, he persuaded the Victims to withdraw the money themselves and to forward that money to an ECP “custodial” account (the “ECP Custodial Account”), so that he could use the money to purchase bonds on their behalf.

With the assistance of BELL, MAY guided the Victims, first, to withdraw their money from their Broker Dealer-1 accounts, and second, to send that money to the ECP Custodial Account by wire transfer or check. At times, MAY falsely represented that the funds being withdrawn from Victims’ Broker Dealer-1 accounts were the proceeds of prior bond purchases MAY had made. After the Victims sent their money to the ECP Custodial Account, MAY did not use the money to purchase bonds. Instead, MAY and BELL spent the money on business expenses, personal expenses, and to make payments to certain Victims in order to perpetuate the scheme and conceal the fraud.

Specifically, in some cases, MAY used Victims’ funds to make purported bond interest payments to other Victims. In other cases, MAY used Victims’ funds to make payments to other Victims who wished to withdraw funds from their accounts. MAY and BELL also created phony “consolidated” account statements that they issued through ECP and sent to the Victims. These “consolidated” account statements purported to reflect the Victims’ total portfolio balances and included the names of bonds MAY falsely represented that he purchased for the Victims and the amounts of interest the Victims were supposedly earning on the bonds. In order to create the phony consolidated account statements, MAY provided BELL with bond names and false interest earnings, and BELL created ECP computerized account statements and distributed them to the Victims.

To keep track of the money that the co-conspirators were taking from the Victims, BELL processed the Victims’ payments for the purported bonds, entered them in a computerized accounting program, and, through that program, kept track of how MAY and BELL received and spent the Victims’ stolen money. In this way, from the late 1990’s through March 9, 2018, MAY and BELL induced Victims to forward them more than \$11,400,000.

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In addition to his prison term, MAY, 78, of Orangeburg, New York, was ordered to serve three years of supervised release, pay \$8,041,233 in restitution, and forfeit \$11,452,185.

BELL, 54, of Montvale, New Jersey, is charged with one count each of conspiracy to commit wire fraud and wire fraud. Each count carries a maximum sentence of 20 years in prison and a maximum fine of \$250,000 or twice the gross gain or loss from the offense. The maximum potential sentence in this case is prescribed by Congress and is provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

Mr. Berman praised the outstanding investigative work of the U.S. Postal Inspection Service, Special Agents of the United States Attorney's Office, and the Federal Bureau of Investigation. He also thanked the Securities and Exchange Commission, which initiated civil proceedings against MAY and BELL, for its assistance.

The criminal case is being prosecuted by the Office's White Plains Division. Assistant U.S. Attorneys Margery B. Feinzig and Vlad Vainberg are in charge of the prosecution.

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